



**COUNCIL OF
THE EUROPEAN UNION**



Council Conclusions on fight against tax fraud

*2894th ECONOMIC and FINANCIAL AFFAIRS
Luxembourg, 7 October 2008*

The Council adopted the following conclusions:

- "1. In its communication of 23 November 2007 (COM(2007) 758 final), the Commission presented a whole range of practical and realistic ideas that would contribute to improving the fight against VAT fraud, and called on the Council to provide the necessary political guidance for further work by the expert group on Anti Tax Fraud Strategy.

In section 3.2 of its communication, the Commission recognised that obtaining very rapidly the information gathered in other Member States on certain fraudulent transactions or fraudulent traders was a major tool for Member States. It referred to the mechanism developed by the Belgian tax administration in which several Member States participate with satisfaction. It indicated that it was open to consideration of an informal structure, composed of officials from national tax administrations, to facilitate the exchange of information between national tax authorities.

2. At its meeting on 4 December 2007, the Council took note of the Commission's communication and invited it to continue its work to improve the management of the European Union's VAT system by the Member States.

P R E S S

In this spirit, the expert group on Anti Tax Fraud Strategy considered a project to establish a system called Eurofisc, which aims to improve administrative cooperation between the Member States.

3. In parallel, in its oral presentation to the Ecofin Council on 14 May 2008 the Commission stated that it intended to present a proposal in November 2008 for the recasting of Regulation (EC) No 1798/2003 of 7 October 2003 on administrative cooperation in the field of VAT, including provisions to enable Eurofisc to function properly. The Commission has made an initial legal analysis of the amendments to be made.
4. At its meeting on 22 July 2008, the Council Working Party on Tax Questions examined the Presidency working document on the Eurofisc project (11714/08 FISC 91). That document lists the possible amendments to be made to the Regulation on administrative cooperation. The following guidelines for Eurofisc were established:
 - Eurofisc would be a decentralised network for the exchange of information on VAT fraud between the Member States, with each of its tasks being coordinated;
 - Eurofisc would observe four general principles: the freedom for each Member State to participate in any of the network's tasks; active participation in the exchange of information; the confidentiality of the information exchanged; no additional burden on operators;
 - Eurofisc would not have legal personality. Its functioning would be organised by agreement of the participating Member States, with the support of the Commission. Its tasks would be carried out by liaison officials who were experts in tax fraud. Their work would be led by coordinators who they would designate amongst themselves. Eurofisc's activity would be regularly evaluated by the Member States;
 - Eurofisc's tasks would be initially to provide a multilateral early warning mechanism for combating VAT fraud, and to coordinate the exchange of information and the work of participating Member States in acting on warnings received.
5. Some delegations felt that officials in the Eurofisc network should be able to initiate, accept or coordinate targeted multilateral checks. In the longer term some delegations also wanted Eurofisc to develop a joint risk analysis capacity for those Member States which were prepared to allow access to their databases (the VIES system).

6. Therefore, the Council:

- APPROVES Eurofisc's guidelines;
 - NOTES the Commission's intention to present a proposal in the autumn of 2008 on the recasting of Regulation (EC) No 1798/2003 of 7 October 2003, and INVITES the Commission to include in that proposal provisions to allow Eurofisc to be established in the near future in accordance with those guidelines, while respecting the instruments of administrative cooperation mentioned in the Regulation;
 - NOTES the willingness of the Commission to examine the possibility of Member States entrusting additional tasks to Eurofisc."
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